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RECEIVED

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STATE OF ILLINOIS
DEPARTMENT OF INSURANCE
SPRINGFIELD

CHARTIS

June 22, 2010

Honorable Michael T. McRaith
Director of Insurance
Illinois Department of Financial & Professional Regulation
Division of Insurance
320 West Washington Street, 4th Floor
Springfield, Illinois 62767-0001
Attn: Mr. John Gatlin
Supervisor, Property and Casualty Compliance Unit

WITHDRAWN

AUG 25 2010

STATE OF ILLINOIS
DEPARTMENT OF INSURANCE
SPRINGFIELD, ILLINOIS

RE: **NATIONAL UNION FIRE INSURANCE COMPANY OF PITTSBURGH, PA.**
NAIC #012-19445 FEIN #25-0687550 ✓

RATE/RULE **Psychiatrists Professional Liability Insurance Program**
Our File Number: **CHS-10-EO-11-B**

Dear Mr. Gatlin:


National Union Fire Insurance Company of Pittsburgh, Pa. submits for your review and approval revised Manual Rules to be used with its Psychiatrists Professional Liability Insurance Program on file with your Department. Please be advised that these Manual Rules will replace those currently on file with your Department.

Please refer to the attached Manual Rules and side-by-side comparison for information about the revisions included in this submission.

We wish to make this filing effective for all policies effective on or after July 30, 2010, or the earliest date permitted by your Department.

Your favorable consideration and approval are respectfully requested.

Sincerely,


Myron Harry

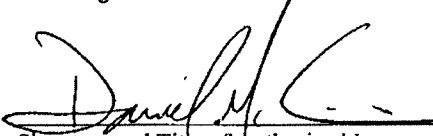
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**ILLINOIS CERTIFICATION FOR
MEDICAL MALPRACTICE RATES**


(215 ILCS 5/155.18)(3) states that medical liability rates shall be certified in such filing by an officer of the company and a qualified actuary that the company's rates are based on sound actuarial principles and are not inconsistent with the company's experience.

I, Daniel McGinnis, Attorney in Fact of National Union Fire Insurance Company of Pittsburgh, Pa. am authorized to certify on behalf of the Company making this filing that the company's rates are based on sound actuarial principles and are not inconsistent with the company's experience, and that I am knowledgeable of the laws, regulations and bulletins applicable to the policy rates that are the subject of this filing.

I, David A. Royce, a duly authorized actuary of SGRisk, LLC am authorized to certify on behalf of National Union Fire Insurance Company of Pittsburgh, Pa. making this filing that the company's rates are based on sound actuarial principles and are not inconsistent with the company's experience, and that I am knowledgeable of the laws, regulations and bulletins applicable to the policy rates that are the subject of this filing.

 Attorney in Fact
Signature and Title of Authorized Insurance Company Attorney in Fact

6/11/10
Date


David A. Royce, ACAS, MAAA, Vice President
Signature, Title and Designation of Authorized Actuary

6/10/2010
Date

Insurance Company FEIN: 25 - 0687550 Filing Number: CHS-10-EO-11

Insurer's Address : 175 Water Street

City : New York State: New York Zip Code: 10038

Contact Person's:

-Name and E-mail Myron Harry - myron.harry@chartisinsurance.com

-Direct Telephone and Fax Number: Telephone: (212) 458 7057

Fax: (212) 458 7077

Mamoottile, Neetha

From: Harry, Myron [Myron.Harry@chartisinsurance.com]
Sent: Wednesday, August 25, 2010 11:52 AM
To: Mamoottile, Neetha
Subject: RE: ILDOI - National Union Fire Insurance Co. of Pittsburgh,PA - Rate Filing # CHS-10-EO-11-B

Categories: National Union Fire

Ms. Neetha Mamoottile

In response to your email dated July 23, 2010, National Union Fire Insurance Company of Pittsburgh, Pa., wishes to withdraw this rule filing from further consideration without prejudice. Please be advised that this does not preclude a resubmission at a later date.

Acknowledgement upon receipt is respectfully requested.

Myron Harry

Analyst
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State Filings Division

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From: Mamoottile, Neetha [mailto:Neetha.Mamoottile@Illinois.gov]
Sent: Friday, July 23, 2010 2:25 PM
To: Harry, Myron
Subject: ILDOI - National Union Fire Insurance Co. of Pittsburgh,PA - Rate Filing # CHS-10-EO-11-B

Ms. Harry,

According to Section 155.18(c)(3) of Illinois Insurance Code (215 ILCS 5/155.18(c)(3)), medical malpractice rate filings "shall be certified in such filing by an **officer of the company and a qualified actuary** that the company's rates are based on sound actuarial principles and are not inconsistent with the company's experience."

Mr. Daniel McGinnis, Attorney in Fact, signed the certification in the subject filing, which does not meet this filing requirement. Please submit a certification form with the appropriate company officer signature.

The filing is considered incomplete without proper certifications.

Thank You,
Neetha Mamoottile

Neetha M. Mamoottile
Actuarial Assistant
Illinois Department of Insurance
neetha.mamoottile@illinois.gov
217-557-1397

**NATIONAL UNION FIRE INSURANCE COMPANY OF PITTSBURGH, PA
PSYCHIATRISTS PROFESSIONAL LIABILITY INSURANCE PROGRAM
SIDE-BY-SIDE COMPARISON OF MANUAL RULES
ILLINOIS**

RULES VERSION 1-09

RULES VERSION 3-10

RULE 1. RATING PROFILE ITEMS 1. N/A	1. Added "American Psychiatric Association Membership.....5% Credit"
RULE 9. GROUP ACCOUNTS 1. Eligibility... "The entity will also have psychiatric affiliation with at least 50% of the psychiatrists being members in good standing with the American Psychiatric Association."	1. Deleted "...with at least 50% of the psychiatrists being members in good standing with the American Psychiatric Association."

Neuman, Gayle

From: Harry, Myron [Myron.Harry@chartisinsurance.com]
Sent: Thursday, July 15, 2010 1:59 PM
To: Neuman, Gayle
Subject: RE: National Union Fire of Pittsburgh, PA - Filing #CHS-10-EO-11-B
Attachments: IL Rating Rules (7-10).pdf; IL Rating Rules 7-10 - redlined copy.pdf

Ms. Neuman,

In response to your email dated July 2, 2010 we offer the following:

1. The reporting of statistics is done through ISO Agency.
2. Attached please find revised Illinois Manual Rules (Ed. 7/10) wherein we have deleted the Neurologists factors.

Please let us know if we can be of any further assistance.

Myron Harry

Analyst
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State Filings Division

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From: Neuman, Gayle [mailto:Gayle.Neuman@illinois.gov]
Sent: Friday, July 02, 2010 11:37 AM
To: Harry, Myron
Subject: RE: National Union Fire of Pittsburgh, PA - Filing #CHS-10-EO-11-B

That is fine. I will make a note in the file.

Gayle Neuman

Illinois Department of Insurance
(217)524-6497

From: Harry, Myron [mailto:Myron.Harry@chartisinsurance.com]
Sent: Friday, July 02, 2010 10:34 AM

To: Neuman, Gayle

Subject: RE: National Union Fire of Pittsburgh, PA - Filing #CHS-10-EO-11-B

Ms. Newman,

Because of vacation scheduling, we would like to request an extension to July 19, 2010 to adequately prepare our response to your comment email dated July 2, 2010. Thank you.

Myron Harry

Analyst

Chartis

State Filings Division

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From: Neuman, Gayle [<mailto:Gayle.Neuman@illinois.gov>]

Sent: Friday, July 02, 2010 10:25 AM

To: Harry, Myron

Subject: National Union Fire of Pittsburgh, PA - Filing #CHS-10-EO-11-B

Ms. Harry,

The Department is in receipt of the above referenced filing submitted with your cover letter dated June 22, 2010. The filing number was changed by adding "-B" because you previously used the same filing number.

Please indicate if your company has a plan for the gathering of statistics or the reporting of statistics to statistical agencies? If yes, what stat agency is being used?

Please provide the calculation and factors showing that neurology is two times the psychiatrist base premium, for example, for Jackson County with \$1M/\$3M limits.

I request receipt of your response by July 9, 2010.

Gayle Neuman

Illinois Department of Insurance

Property & Casualty Compliance

(217) 524-6497

Please refer to the Property & Casualty Review Checklists before submitting any filing. The checklists can be accessed through the Department's website at www.insurance.illinois.gov.

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**NATIONAL UNION FIRE INSURANCE COMPANY OF PITTSBURGH, PA
PSYCHIATRISTS PROFESSIONAL LIABILITY INSURANCE PROGRAM
ILLINOIS MANUAL RULES**

Rule 1.	Rating Profile Items
----------------	-----------------------------

A member may receive the FYIP, SYIP, TYIP (&/or MILITARY) only once. The discount applies to the first (second or third) year immediately following the completion of residency or fellowship, regardless of interruption of time.

A member may receive the MIT discount more than once. The requirement is that the member is eligible for the MIT so long as the APA has reclassified his/her membership status accordingly.

If both an active part-time credit and an active F,S, TYIP credit are among the rating profile items, the higher credit of the two shall apply.

MIT credit cannot be combined with a part-time credit.

The current listing of Rating Profile Items (Program discounts, surcharges, credits & debits), is as follows:

Neurology	2x Psychiatrist Base Premium	
Neurology with Special Procedures	4x Psychiatrist Base Premium	
American Psychiatric Association Membership	5% Credit	
Child & Adolescent Psychiatry (C&AP)	15% Premium Discount	
Early Career Psychiatrists (includes military) Occurrence only	FYIP	60%Credit
	SYIP	40%Credit
	TYIP	35%Credit
Early Career Psychiatrists (includes military) Claims-Made Policies only	FYIP	50%Credit
	SYIP	25%Credit
	TYIP	25%Credit
Member in Training (MIT)	50%Credit	
Part-Time Practice	1-10 Hours	50%Credit
	11-15Hours	40%Credit
	16-20Hours	30%Credit
Experience & Schedule Rating Program	See separate sections	
Psychoanalytic Certification	5%Credit	
Risk Management Seminar	5%Credit	

**NATIONAL UNION FIRE INSURANCE COMPANY OF PITTSBURGH, PA
PSYCHIATRISTS PROFESSIONAL LIABILITY INSURANCE PROGRAM
ILLINOIS MANUAL RULES**

Rule 1. Rating Profile Items

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A member may receive the MIT discount more than once. The requirement is that the member is eligible for the MIT so long as the APA has reclassified his/her membership status accordingly.

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American Psychiatric Association Membership	5% Credit	
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Early Career Psychiatrists (includes military) Occurrence only	FYIP	60%Credit
	SYIP	40%Credit
	TYIP	35%Credit
Early Career Psychiatrists (includes military) Claims-Made Policies only	FYIP	50%Credit
	SYIP	25%Credit
	TYIP	25%Credit
Member in Training (MIT)	50%Credit	
Part-Time Practice	1-10 Hours	50%Credit
	11-15Hours	40%Credit
	16-20Hours	30%Credit
Experience & Schedule Rating Program	See separate sections	
Psychoanalytic Certification	5%Credit	
Risk Management Seminar	5%Credit	

Deleted: Neurology	2x
Psychiatrist Base Premium¶	
Neurology with Special Procedures	4x Psychiatrist Base Premium¶

Rule 2. Vicarious Liability

The additional premium for vicarious liability coverage is determined as follows:

**NATIONAL UNION FIRE INSURANCE COMPANY OF PITTSBURGH, PA
PSYCHIATRISTS PROFESSIONAL LIABILITY INSURANCE PROGRAM
ILLINOIS MANUAL RULES**

**VICARIOUS LIABILITY
Additional Premium for Separate Limit
(Policy Coverage B)**

No. of Employees/Independent Contractors	Percent of final individual modified premium
0-3	10%
4-10	25%
11-25	50%
Over 25	100%

**VICARIOUS LIABILITY
Additional Premium for Shared Limit
(Policy Coverage A)**

No. of Employees/Independent Contractors	Percent of final individual modified premium
1-3	5%
4-10	15%
11-25	25%
Over 25	100%

Rule 3. Premium Rounding

All premiums shall be rounded to the nearest whole dollar. Amounts that are less than 50 cents shall be dropped. Increase amounts that are 50 cents or more to the next whole dollar.

Rounding procedures to be followed are taken from the Insurance Service Office, Inc. rules.

RATES: Round rates, factors and multipliers after the final calculation to three decimal places. Five-tenths or more of a mill shall be considered one mill, e.g., .1245 = .125

PREMIUM: Round the premium for each coverage for which a separate premium is calculated to the nearest whole dollar. Round a premium involving \$.50 or over the next higher whole dollar.

Rule 4. Maximum 50% Credit

Maximum 50% credit (discount) applies subject to the following **exclusions:**

First Year in Practice (FYIP is 60%)
Experience factor is not included
Schedule factor is not included

**NATIONAL UNION FIRE INSURANCE COMPANY OF PITTSBURGH, PA
PSYCHIATRISTS PROFESSIONAL LIABILITY INSURANCE PROGRAM
ILLINOIS MANUAL RULES**

Psychoanalytic Cert. factor is not included
Risk Management Seminar factor is not included
Child and Adolescent (C & AP) is not included

Rule 5. Prior Acts Endorsement

The following rating is used when a member converts the claims-made policy to occurrence and does not purchase extended reporting endorsement from the prior carrier. Prior Acts Endorsement will be effective the inception date of the occurrence policy and cover claims reported after the cancellation date which occurred between the retroactive date and cancellation date of the claims-made policy.

This rating will be used in situations where the member's most recent previous carrier was The Psychiatrists' Program and for some reason the member allowed occurrence policy to lapse. The lapsed period cannot exceed one year and must meet acceptable underwriting criteria.

1 st year in CLAIMS MADE Coverage	70% of Occurrence Premium
2 nd year in CLAIMS MADE Coverage	110% of Occurrence Premium
3 rd year in CLAIMS MADE Coverage	135% of Occurrence Premium
4 th year in CLAIMS MADE Coverage	145% of Occurrence Premium
5 th year and after in CLAIMS MADE Coverage	160% of Occurrence Premium

Rule 6. Unlimited Tail Coverage (Extended Reporting Period)

Tail premium calculation process is EXACTLY the same process as for Primary Coverage regarding the application of all discounts, surcharges, credits, & debits, including short rate and prorata factors.

The premium is based on the expiring annual premium written under a claims-made contract per the following Extended Claim Reporting Period (ERP) factors:

<u>Claims-Made Year</u>	<u>ERP Factor</u>
First Year	100%
Second Year	125%
Third Year	140%
Fourth Year	150%
Fifth Year and Thereafter	175%

The tail coverage (extended reporting period) endorsement that is issued for the purchased tail or the free tail provides unlimited tail coverage.

**NATIONAL UNION FIRE INSURANCE COMPANY OF PITTSBURGH, PA
PSYCHIATRISTS PROFESSIONAL LIABILITY INSURANCE PROGRAM
ILLINOIS MANUAL RULES**

Rule 6. Unlimited Tail Coverage (Extended Reporting Period) (cont'd)

FREE TAIL COVERAGE

1. **Claims-Made Contract.** Unlimited tail coverage is free in the event of DEATH or PERMANENT DISABILITY, or when a member reaches age 55 or older and has been insured under a Psychiatrists' Program Claims-Made contract for at least 5 consecutive years immediately prior to permanent retirement. It is also free when a member has been insured with the Psychiatrists' Program under a claims-made contract for 10 consecutive or more years provided at the time of cancellation, the annual premium has **not been** experience rated anytime during the ten year period and the insured requested the cancellation of coverage.
2. **Modified Occurrence Contract.** Tail coverage is included at no additional cost upon termination or non-renewal, for any reason.
3. **Claims-Made with Prepaid Tail Contract.** Same as Modified Occurrence Contract.

Rule 7. Experience Rating Guidelines

The following Experience Rating Guidelines applies:

Severity (Use last five-year experience period prior to renewal application)	
Indemnity payment \$30,000 to \$50,000	10% per claim
Indemnity payment \$50,001 to \$99,999	20% per claim
Open or closed claim with Indemnity payment or reserve \$100,000 or more	30% per claim plus 10% each \$50,000 increment above \$100,000
Frequency (Open and Closed claims with incurred and/or reserved indemnity and expenses totaling \$10,000 and above).	
Two claims reported within any 12-month period in last three years.	25% each claim
Three claims reported within last five years.	50% each claim
Liability (Open and closed claims within last 5 years)	
a. Deviation from standard of care	50%-non-renewal
b. Non-cooperation with policy conditions	50%-non-renewal
c. Undue familiarity	
Insured admission	non-renewal
Settlement by carrier and/or insured	non-renewal

**NATIONAL UNION FIRE INSURANCE COMPANY OF PITTSBURGH, PA
PSYCHIATRISTS PROFESSIONAL LIABILITY INSURANCE PROGRAM
ILLINOIS MANUAL RULES**

Rule 8.	Schedule Rating Plan – Individual Program
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The following schedule rating criteria can be used to establish the adjusted annual premium per participant.

Refer to the following, which discusses the underwriting intention for considering risk characteristics not otherwise contemplated in the base rate.

The rating schedule is intended to create an overall risk profile of the insured. Multiple characteristics should be weighted and evaluated based on measurable statistics, (i.e. practice time, number of patients, length of training or experience or lack thereof, etc)

This program is mandatory and to be administered consistently with each insured or prospective insured.

Schedule rating characteristics

Total adjustment for all items combined cannot exceed +/- 25%.

A. PRACTICE SETTING:

Detention Facilities: This includes jails, juvenile centers, detention centers and prisons. Risks associated with this exposure are generally related to frequency rather than severity. Individuals kept in these facilities are typically litigious who spend significant time reviewing case law and figuring out ways to file suits. (Jail House Lawyers). In most **federal** facilities, the employees enjoy sovereign immunity, which means they cannot be sued. Therefore, our physician which is usually a contractor is left as the “deep pocket” and the only person available for potential recovery of alleged damages.

All other type of government or community facilities may or may not have statutes protecting the employees against liability. It will vary by state and county. There may also be protection for these individuals through the facility’s professional liability insurance carrier. Hold harmless indemnification clauses are standard in these contractual relationships. Therefore, it is important to understand the working arrangement between the insured and the facility to measure the degree of increased liability for our participant. **5% debit**

Patient recruitment practices: The probability of increased liability is common for those practices utilizing techniques for patient recruitment considered entrepreneurial and absent of credible medical necessity. For example, advertisements made outside of the practice area, bonuses given for patient referrals or profits generated by the care the physicians and other treating professionals rendered to their patients are some examples of techniques that could cause litigation.

The Underwriter should review the entire profile of the participant to determine the extent of increased liability if they are involved in a practice location or facility that engages in this activity. As a result of increased media concentration on these practices, many facilities have taken measures to terminate these

NATIONAL UNION FIRE INSURANCE COMPANY OF PITTSBURGH, PA
PSYCHIATRISTS PROFESSIONAL LIABILITY INSURANCE PROGRAM
ILLINOIS MANUAL RULES

Rule 8.	Schedule Rating Plan – Individual Program (cont'd.)
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practices. However, the amount of time the participant has been associated with this activity should be considered. **25% debit or convert the insured to a claims-made policy form.**

Home based practice: An insured working from the home is not uncommon in the practice of psychiatry. Many part-time women, who also are raising a family and want to continue practicing, conduct a small practice from their home. It is however, also understood that these individuals, maintain relationships with the community and medical mental health professionals for continued education and referral capabilities.

The liability for a participant is considered increased when an individual has chosen to work from the home because they cannot obtain clinical or hospital affiliations. The ongoing mentoring of colleagues is not present and the psychiatrist has no peer review of his/her practice activities. This practice profile may require intervention and additional interviewing by PRMS risk management to ascertain the degree of adverse risk. **25% debit**

Facility has been subject to license or accreditation disciplinary action or federal investigation or prosecution, mass tort litigation or investigative reporting. If an insured is affiliated with a facility that has recently been subject to any of these issues it is probable that the insured may have an increased liability. The effect of patient knowledge of these actions and media attention could place our insured in a position to be “guilty by association”.

The underwriter should utilize all reference information relative to this facility and determine the degree of involvement of our insured directly related to the facility’s adverse risk characteristics. **25% debit**

Clinical teaching activities exceed 50% of total practice time: Although the insured involved in this activity is competent to teach other medical professionals, the increase of patient volume related to this activity is considered an additional liability exposure. **10% debit**

B. NATURE AND SCOPE OF PRACTICE

Treatment of Borderline Personalities and Multiple Personality disorders: Incidental treatments of these disorders are contemplated in the base rates. However, the underwriter should consider the number of patients and time devoted by the participant to these treatments. In addition, treatment modality must be questioned by the underwriter and discussed with PRMS risk management for unconventional activities by the insured. **25% debit**

Treatment of pain management: Patients seeking psychiatric services for the management of pain are almost always associated with other medical treatments or illnesses. For this reason, treatment of pain management can increase the liability where our insured would be involved in a claim along with other treating physicians. The underwriter should discuss the volume of patients and practice time devoted to this activity. In addition, the treatment modalities should be discussed with PRMS risk management to

**NATIONAL UNION FIRE INSURANCE COMPANY OF PITTSBURGH, PA
PSYCHIATRISTS PROFESSIONAL LIABILITY INSURANCE PROGRAM
ILLINOIS MANUAL RULES**

Rule 8.	Schedule Rating Plan – Individual Program (cont'd.)
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determine standard of care. Psychiatrists utilizing anesthesia for pain management is to be referred to management for consideration of continued insurability. **25% debit**

Use of abreaction, rage; sodium amytal, sex and recovered memory therapies: The base rate does not contemplate treatment by use of these types of therapies. Any insured utilizing these therapies should be discussed with PRMS risk management after the underwriter has secured information from the participant regarding the patient volume and practice time affiliated with these therapies. All insured members utilizing these therapies should be referred to management for consideration of continued insurability. **25% debit**

Supervision of/Consultation with professionals in 2, 3 and 4 above: Although the insured may not directly treat patients or use these therapies, they incur vicarious liability for the supervision of professionals who do. In addition, consultation is defined as professional services rendered and does not decrease the insured liability. Therefore, the premium should be increased as a result of this exposure. **25% debit**

Above average daily patient volume: An average daily patient volume of 25 is contemplated in the base rates. Any practice where the patient volume is greater should be considered as an increased risk and priced accordingly. **25% debit**

Risk not contemplated in the base rate: This category should be used when the underwriter determines that the participant's exposure generates a risk not otherwise discussed in the above criteria and was not contemplated in the usual and customary definition of psychiatric professional services but meets underwriting approval for coverage. Use of this category requires management approval in all cases. **+/-25%**

Rule 9.	Group Accounts
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Eligibility

The medical groups that will be considered for Coverage B of the policy will be professional corporations, partnerships, or associations operated by behavioral healthcare professionals. The entity will also have psychiatrist affiliation.

Rates

Each Psychiatrist Insured will be rated in accordance with the individual program rules and rates.

Individual coverage for other behavioral healthcare professionals will be rated as a percentage of the psychiatrist rate for that rating area.

**NATIONAL UNION FIRE INSURANCE COMPANY OF PITTSBURGH, PA
PSYCHIATRISTS PROFESSIONAL LIABILITY INSURANCE PROGRAM
ILLINOIS MANUAL RULES**

Rule 9.	Group Accounts (cont'd.)
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- Psychologists: .20
- Social Workers .03
- Therapists: .03
- Nurses: .05
- Nurse Practitioner .30

Vicarious liability coverage for the medical group for employed or contracted behavioral healthcare providers not insured under the policy will be priced at 10% of the otherwise applicable premium rate (including discounts).

Medical group premium will be priced based on the following:

Number of <u>Insured employees/contractors.</u>	Percentage of <u>Insured Psychiatrist Base Rate</u>
2-5	10%
6-10	15%
11-20	20%
over 20	25%

The sum of the individuals, medical group and vicarious liability premium will determine the total premium of the medical group.

Non-psychiatrist insureds can share the limit of liability of the medical group.

The base rate for each insured sharing the limit with the group entity will be reduced by 10% when the total number of insured psychiatrists in the group exceeds 5 on an annual basis.

The base rate for each insured sharing the limit with the group entity will be reduced by 5% when the total number of insured psychiatrists in the group is 5 or less on an annual basis.

A schedule rating credit/debit can then be applied to the total premium of the medical group in accordance with the Schedule Rating Group Rules, (see attached).

Limits of Liability

Refer to policy Limits of Liability Section, Coverage A and Coverage B for application of limits for individual insureds, medical corporations, partnerships, and associations. Refer to the rate schedule for the applicable limits for each state.

**NATIONAL UNION FIRE INSURANCE COMPANY OF PITTSBURGH, PA
PSYCHIATRISTS PROFESSIONAL LIABILITY INSURANCE PROGRAM
ILLINOIS MANUAL RULES**

Rule 9. Group Accounts (cont'd.)

Claims-Made

The retroactive date can be advanced only at the request or with the written acknowledgment of the insured.

Group Vicarious Liability Surcharge Endorsement

If a scheduled insured under the group policy terminates coverage and does not elect to purchase the extended reporting endorsement, the group premium will be surcharged 10% of the quoted ERP premium. The surcharge is applicable as a result of the vicarious liability exposure to the group for the professional services rendered by the insured while working on behalf of the group. The surcharge will be waived if the cancelled insured provides proof of prior acts coverage from the new carrier for the period insured under the group policy.

Other Physician Coverage

The Program will consider coverage for individual physicians affiliated with the medical group who are not psychiatrists (i.e. internists, pediatricians, family/general practice). The rate for these physicians will be calculated in accordance with the filed class relativity differential (psychiatry to other specialty) of the major medical professional liability insurance carrier in that state. The calculated relativity will then be applied to the base psychiatry rate used in this Program's individual rates.

Outside Medical Group Practice Activity

Coverage will be considered for an insured who has a medical practice outside the scope of his/her affiliation with the medical group. The outside practice is subject to underwriting and if accepted will be rated in accordance with the medical specialty rate and total practice hours applicable to all practice activities for which coverage has been provided.

Rule 10. Schedule Rating Plan – Group Accounts

The following modifications may be applied to recognize special characteristics that are not fully recognized in the basic rate(s) or premium. The maximum credit/debit shall not exceed +/-5. The schedule rating program is mandatory and to be administered consistently for each insured or prospective insured.

Management (+/- 5)

Management has demonstrated adequate control and monitoring of the risks and exposures of the organization. The financial condition of the Medical Group is favorable. An example of a Medical Group which would receive a credit would employ a dedicated risk manager and have favorable financial ratios.

**NATIONAL UNION FIRE INSURANCE COMPANY OF PITTSBURGH, PA
PSYCHIATRISTS PROFESSIONAL LIABILITY INSURANCE PROGRAM
ILLINOIS MANUAL RULES**

Rule 10.	Schedule Rating Plan – Group Accounts (Cont'd)
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Employees (+/-5)

The applicant has established a continuing professional education program for its employees and encourages certification in their respective specialties. There must be a statement in the employee handbook advocating continuing education. The Medical Group agrees to pay all or some of the tuition fees and/or related educational expenses. Further, the composition of the Medical Group will be 50% or greater of the employee population having board certification or similar advanced degrees for a maximum credit to be granted. If the percentage is lower, but still substantial, and the other criteria described above are met, a lesser credit may be granted. If none of the above, a debit will be made.

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The applicant has an established and working risk management program to minimize the frequency and severity of claims. A Medical Group which has an incident reporting system, occurrence screening, and other mechanisms to address potential and actual claims would receive a maximum credit. If none of these mechanisms are in place, a debit will be made.

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The applicant has a system in effect for concurrent and retrospective review of medical records and informed consent documents. If the Medical Group has a medical records system only or an informed consent system only, no debit or credit is available. If both systems are in effect, a credit is available. If neither system is in effect, a debit will be made.

Performance of experimental procedures (+/-5)

If the medical group practice includes procedures that are considered experimental, but that are performed within the prescribed guidelines, controlled studies, or : "protocol" established by the manufacturer or similar entity, there will be no debit or credit, however if the experimental procedures are not subject to the protocol, a debit of up to 10% will be applied. Since the underlying program's rates reflect the assumption that insureds will not be performing experimental procedures, no credit will be given under any circumstances and under this category i.e. there will be no credit if experimental procedures are not utilized.

Rule 11.	Locum Tenens
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A Locum Tenens ("hold the place of") works in place of a Named Insured or Additional Named Insured, never at the same time. The Locum Tenens doctor must be underwritten in the same specialty classification as the Named Insured or Additional Named Insured. The program will allow Locum Tenens coverage for a maximum total of 45 days each policy year.

There is no charge for this coverage.

**NATIONAL UNION FIRE INSURANCE COMPANY OF PITTSBURGH, PA
PSYCHIATRISTS PROFESSIONAL LIABILITY INSURANCE PROGRAM
ILLINOIS MANUAL RULES**

Rule 12.	Suspension of Insurance
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An insured covered under a claims-made policy may request suspension of insurance, due to disability or to accommodate a sabbatical leave of training. The insured will not be covered for claims or suits which arise based on an occurrence within the period of suspension. The insured is entitled to report claims during the period of suspension which arise from occurrences when the policy was in force and not on suspense.

Suspension may be secured for a minimum period of 90 consecutive days and for a maximum of one year. This option is allowed only once every four years except for reason of disability.

Billing for the current quarter(s) is suppressed, and a refund for the quarter(s) or remainder of quarter(s) affected is made to the insured.

The premium is calculated as 25% of the claims-made written premium and then pro-rated for the suspended period.

Rule 13.	Policy Minimum Premium
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A minimum annual premium of \$1000.00 for any one policy with limits of \$1,000,000/\$3,000,000 or lower will be applied.

A minimum annual premium of \$2000.00 for any one policy with limits of \$2,000,000/\$6,000,000 will be applied.

Rule 14.	Quarterly Premium Installment Plan
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Quarterly Premium Installment Plan: The charge for premium installments shall be the lesser of one percent (1%) of the total premium or \$25.00 per installment. There will be no interest charges on installment payments. Any additional premium resulting from changes to the policy will be spread equally over the remaining installments, if any. If there are no remaining installments, additional premium resulting from changes to the policy will be billed immediately as a separate transaction.

First Quarter	=	40%	
Second Quarter	=	20%	Due 3 months from policy inception
Third Quarter	=	20%	Due 6 months from policy inception
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**NATIONAL UNION FIRE INSURANCE COMPANY OF PITTSBURGH, PA
PSYCHIATRISTS PROFESSIONAL LIABILITY INSURANCE PROGRAM
ILLINOIS MANUAL RULES**

Rule 1.	Rating Profile Items
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A member may receive the FYIP, SYIP, TYIP (&/or MILITARY) only once. The discount applies to the first (second or third) year immediately following the completion of residency or fellowship, regardless of interruption of time.

A member may receive the MIT discount more than once. The requirement is that the member is eligible for the MIT so long as the APA has reclassified his/her membership status accordingly.

If both an active part-time credit and an active F,S, TYIP credit are among the rating profile items, the higher credit of the two shall apply.

MIT credit cannot be combined with a part-time credit.

The current listing of Rating Profile Items (Program discounts, surcharges, credits & debits), is as follows:

American Psychiatric Association Membership	5% Credit	
Child & Adolescent Psychiatry (C&AP)	15% Premium Discount	
Early Career Psychiatrists (includes military) Occurrence only	FYIP	60%Credit
	SYIP	40%Credit
	TYIP	35%Credit
Early Career Psychiatrists (includes military) Claims-Made Policies only	FYIP	50%Credit
	SYIP	25%Credit
	TYIP	25%Credit
Member in Training (MIT)	50%Credit	
Part-Time Practice	1-10 Hours	50%Credit
	11-15Hours	40%Credit
	16-20Hours	30%Credit
Experience & Schedule Rating Program	See separate sections	
Psychoanalytic Certification	5%Credit	
Risk Management Seminar	5%Credit	

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**NATIONAL UNION FIRE INSURANCE COMPANY OF PITTSBURGH, PA
PSYCHIATRISTS PROFESSIONAL LIABILITY INSURANCE PROGRAM
ILLINOIS MANUAL RULES**

Rule 2.	Vicarious Liability
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The additional premium for vicarious liability coverage is determined as follows:

**VICARIOUS LIABILITY
Additional Premium for Separate Limit
(Policy Coverage B)**

No. of Employees/Independent Contractors	Percent of final individual modified premium
0-3	10%
4-10	25%
11-25	50%
Over 25	100%

**VICARIOUS LIABILITY
Additional Premium for Shared Limit
(Policy Coverage A)**

No. of Employees/Independent Contractors	Percent of final individual modified premium
1-3	5%
4-10	15%
11-25	25%
Over 25	100%

Rule 3.	Premium Rounding
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All premiums shall be rounded to the nearest whole dollar. Amounts that are less than 50 cents shall be dropped. Increase amounts that are 50 cents or more to the next whole dollar.

Rounding procedures to be followed are taken from the Insurance Service Office, Inc. rules.

RATES: Round rates, factors and multipliers after the final calculation to three decimal places. Five-tenths or more of a mill shall be considered one mill, e.g., .1245 = .125

PREMIUM: Round the premium for each coverage for which a separate premium is calculated to the nearest whole dollar. Round a premium involving \$.50 or over the next higher whole dollar.

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**STATE OF ILLINOIS
DEPARTMENT OF INSURANCE
SPRINGFIELD, ILLINOIS**

**NATIONAL UNION FIRE INSURANCE COMPANY OF PITTSBURGH, PA
PSYCHIATRISTS PROFESSIONAL LIABILITY INSURANCE PROGRAM
ILLINOIS MANUAL RULES**

Rule 4.	Maximum 50% Credit
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Maximum 50% credit (discount) applies subject to the following exclusions:

First Year in Practice (FYIP is 60%)
Experience factor is not included
Schedule factor is not included
Psychoanalytic Cert. factor is not included
Risk Management Seminar factor is not included
Child and Adolescent (C & AP) is not included

Rule 5.	Prior Acts Endorsement
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The following rating is used when a member converts the claims-made policy to occurrence and does not purchase extended reporting endorsement from the prior carrier. Prior Acts Endorsement will be effective the inception date of the occurrence policy and cover claims reported after the cancellation date which occurred between the retroactive date and cancellation date of the claims-made policy.

This rating will be used in situations where the member's most recent previous carrier was The Psychiatrists' Program and for some reason the member allowed occurrence policy to lapse. The lapsed period cannot exceed one year and must meet acceptable underwriting criteria.

1 st year in CLAIMS MADE Coverage	70% of Occurrence Premium
2 nd year in CLAIMS MADE Coverage	110% of Occurrence Premium
3 rd year in CLAIMS MADE Coverage	135% of Occurrence Premium
4 th year in CLAIMS MADE Coverage	145% of Occurrence Premium
5 th year and after in CLAIMS MADE Coverage	160% of Occurrence Premium

Rule 6.	Unlimited Tail Coverage (Extended Reporting Period)
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Tail premium calculation process is EXACTLY the same process as for Primary Coverage regarding the application of all discounts, surcharges, credits, & debits, including short rate and prorata factors.

The premium is based on the expiring annual premium written under a claims-made contract per the following Extended Claim Reporting Period (ERP) factors:

<u>Claims-Made Year</u>	<u>ERP Factor</u>
First Year	100%
Second Year	125%
Third Year	140%
Fourth Year	150%
Fifth Year and Thereafter	175%

The tail coverage (extended reporting period) endorsement that is issued for the purchased tail or the free tail provides unlimited tail coverage.

**NATIONAL UNION FIRE INSURANCE COMPANY OF PITTSBURGH, PA
PSYCHIATRISTS PROFESSIONAL LIABILITY INSURANCE PROGRAM
ILLINOIS MANUAL RULES**

Rule 6.	Unlimited Tail Coverage (Extended Reporting Period) (cont'd)
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FREE TAIL COVERAGE

1. **Claims-Made Contract.** Unlimited tail coverage is free in the event of DEATH or PERMANENT DISABILITY, or when a member reaches age 55 or older and has been insured under a Psychiatrists' Program Claims-Made contract for at least 5 consecutive years immediately prior to permanent retirement. It is also free when a member has been insured with the Psychiatrists' Program under a claims-made contract for 10 consecutive or more years provided at the time of cancellation, the annual premium has **not been** experience rated anytime during the ten year period and the insured requested the cancellation of coverage.

2. **Modified Occurrence Contract.** Tail coverage is included at no additional cost upon termination or non-renewal, for any reason.

3. **Claims-Made with Prepaid Tail Contract.** Same as Modified Occurrence Contract.

Rule 7.	Experience Rating Guidelines
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The following Experience Rating Guidelines applies:

Severity (Use last five-year experience period prior to renewal application)

Indemnity payment \$30,000 to \$50,000	10% per claim
Indemnity payment \$50,001 to \$99,999	20% per claim
Open or closed claim with Indemnity payment or reserve \$100,000 or more	30% per claim plus 10% each \$50,000 increment above \$100,000

Frequency (Open and Closed claims with incurred and/or reserved indemnity and expenses totaling \$10,000 and above).

Two claims reported within any 12-month period in last three years.	25% each claim
Three claims reported within last five years.	50% each claim

Liability (Open and closed claims within last 5 years)

a. Deviation from standard of care	50%-non-renewal
b. Non-cooperation with policy conditions	50%-non-renewal
c. Undue familiarity	
Insured admission	non-renewal
Settlement by carrier and/or insured	non-renewal

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**NATIONAL UNION FIRE INSURANCE COMPANY OF PITTSBURGH, PA
PSYCHIATRISTS PROFESSIONAL LIABILITY INSURANCE PROGRAM
ILLINOIS MANUAL RULES**

Rule 8.	Schedule Rating Plan – Individual Program
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The following schedule rating criteria can be used to establish the adjusted annual premium per participant.

Refer to the following, which discusses the underwriting intention for considering risk characteristics not otherwise contemplated in the base rate.

The rating schedule is intended to create an overall risk profile of the insured. Multiple characteristics should be weighted and evaluated based on measurable statistics, (i.e. practice time, number of patients, length of training or experience or lack thereof, etc)

This program is mandatory and to be administered consistently with each insured or prospective insured.

Schedule rating characteristics

Total adjustment for all items combined cannot exceed +/- 25%.

A. PRACTICE SETTING:

Detention Facilities: This includes jails, juvenile centers, detention centers and prisons. Risks associated with this exposure are generally related to frequency rather than severity. Individuals kept in these facilities are typically litigious who spend significant time reviewing case law and figuring out ways to file suits. (Jail House Lawyers). In most **federal** facilities, the employees enjoy sovereign immunity, which means they cannot be sued. Therefore, our physician which is usually a contractor is left as the “deep pocket” and the only person available for potential recovery of alleged damages.

All other type of government or community facilities may or may not have statutes protecting the employees against liability. It will vary by state and county. There may also be protection for these individuals through the facility’s professional liability insurance carrier. Hold harmless indemnification clauses are standard in these contractual relationships. Therefore, it is important to understand the working arrangement between the insured and the facility to measure the degree of increased liability for our participant. **5% debit**

Patient recruitment practices: The probability of increased liability is common for those practices utilizing techniques for patient recruitment considered entrepreneurial and absent of credible medical necessity. For example, advertisements made outside of the practice area, bonuses given for patient referrals or profits generated by the care the physicians and other treating professionals rendered to their patients are some examples of techniques that could cause litigation.

The Underwriter should review the entire profile of the participant to determine the extent of increased liability if they are involved in a practice location or facility that engages in this activity. As a result of increased media concentration on these practices, many facilities have taken measures to terminate these

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**NATIONAL UNION FIRE INSURANCE COMPANY OF PITTSBURGH, PA
PSYCHIATRISTS PROFESSIONAL LIABILITY INSURANCE PROGRAM
ILLINOIS MANUAL RULES**

Rule 8.	Schedule Rating Plan – Individual Program (cont'd.)
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practices. However, the amount of time the participant has been associated with this activity should be considered. **25% debit or convert the insured to a claims-made policy form.**

Home based practice: An insured working from the home is not uncommon in the practice of psychiatry. Many part-time women, who also are raising a family and want to continue practicing, conduct a small practice from their home. It is however, also understood that these individuals, maintain relationships with the community and medical mental health professionals for continued education and referral capabilities.

The liability for a participant is considered increased when an individual has chosen to work from the home because they cannot obtain clinical or hospital affiliations. The ongoing mentoring of colleagues is not present and the psychiatrist has no peer review of his/her practice activities. This practice profile may require intervention and additional interviewing by PRMS risk management to ascertain the degree of adverse risk. **25% debit**

Facility has been subject to license or accreditation disciplinary action or federal investigation or prosecution, mass tort litigation or investigative reporting. If an insured is affiliated with a facility that has recently been subject to any of these issues it is probable that the insured may have an increased liability. The effect of patient knowledge of these actions and media attention could place our insured in a position to be “guilty by association”.

The underwriter should utilize all reference information relative to this facility and determine the degree of involvement of our insured directly related to the facility’s adverse risk characteristics. **25% debit**

Clinical teaching activities exceed 50% of total practice time: Although the insured involved in this activity is competent to teach other medical professionals, the increase of patient volume related to this activity is considered an additional liability exposure. **10% debit**

B. NATURE AND SCOPE OF PRACTICE

Treatment of Borderline Personalities and Multiple Personality disorders: Incidental treatments of these disorders are contemplated in the base rates. However, the underwriter should consider the number of patients and time devoted by the participant to these treatments. In addition, treatment modality must be questioned by the underwriter and discussed with PRMS risk management for unconventional activities by the insured. **25% debit**

Treatment of pain management: Patients seeking psychiatric services for the management of pain are almost always associated with other medical treatments or illnesses. For this reason, treatment of pain management can increase the liability where our insured would be involved in a claim along with other treating physicians. The underwriter should discuss the volume of patients and practice time devoted to this activity. In addition, the treatment modalities should be discussed with PRMS risk management to

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**NATIONAL UNION FIRE INSURANCE COMPANY OF PITTSBURGH, PA
PSYCHIATRISTS PROFESSIONAL LIABILITY INSURANCE PROGRAM
ILLINOIS MANUAL RULES**

Rule 8.	Schedule Rating Plan – Individual Program (cont'd.)
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determine standard of care. Psychiatrists utilizing anesthesia for pain management is to be referred to management for consideration of continued insurability. **25% debit**

Use of abreaction, rage; sodium amytal, sex and recovered memory therapies: The base rate does not contemplate treatment by use of these types of therapies. Any insured utilizing these therapies should be discussed with PRMS risk management after the underwriter has secured information from the participant regarding the patient volume and practice time affiliated with these therapies. All insured members utilizing these therapies should be referred to management for consideration of continued insurability. **25% debit**

Supervision of/Consultation with professionals in 2, 3 and 4 above: Although the insured may not directly treat patients or use these therapies, they incur vicarious liability for the supervision of professionals who do. In addition, consultation is defined as professional services rendered and does not decrease the insured liability. Therefore, the premium should be increased as a result of this exposure. **25% debit**

Above average daily patient volume: An average daily patient volume of 25 is contemplated in the base rates. Any practice where the patient volume is greater should be considered as an increased risk and priced accordingly. **25% debit**

Risk not contemplated in the base rate: This category should be used when the underwriter determines that the participant's exposure generates a risk not otherwise discussed in the above criteria and was not contemplated in the usual and customary definition of psychiatric professional services but meets underwriting approval for coverage. Use of this category requires management approval in all cases. **+/-25%**

Rule 9.	Group Accounts
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Eligibility

The medical groups that will be considered for Coverage B of the policy will be professional corporations, partnerships, or associations operated by behavioral healthcare professionals. The entity will also have psychiatrist affiliation.

Rates

Each Psychiatrist Insured will be rated in accordance with the individual program rules and rates.

Individual coverage for other behavioral healthcare professionals will be rated as a percentage of the psychiatrist rate for that rating area.

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**NATIONAL UNION FIRE INSURANCE COMPANY OF PITTSBURGH, PA
PSYCHIATRISTS PROFESSIONAL LIABILITY INSURANCE PROGRAM
ILLINOIS MANUAL RULES**

Rule 9.	Group Accounts (cont'd.)
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- Psychologists: .20
- Social Workers .03
- Therapists: .03
- Nurses: .05
- Nurse Practitioner .30

Vicarious liability coverage for the medical group for employed or contracted behavioral healthcare providers not insured under the policy will be priced at 10% of the otherwise applicable premium rate (including discounts).

Medical group premium will be priced based on the following:

<u>Number of Insured employees/contractors.</u>	<u>Percentage of Insured Psychiatrist Base Rate</u>
2-5	10%
6-10	15%
11-20	20%
over 20	25%

The sum of the individuals, medical group and vicarious liability premium will determine the total premium of the medical group.

Non-psychiatrist insureds can share the limit of liability of the medical group.

The base rate for each insured sharing the limit with the group entity will be reduced by 10% when the total number of insured psychiatrists in the group exceeds 5 on an annual basis.

The base rate for each insured sharing the limit with the group entity will be reduced by 5% when the total number of insured psychiatrists in the group is 5 or less on an annual basis.

A schedule rating credit/debit can then be applied to the total premium of the medical group in accordance with the Schedule Rating Group Rules, (see attached).

Limits of Liability

Refer to policy Limits of Liability Section, Coverage A and Coverage B for application of limits for individual insureds, medical corporations, partnerships, and associations. Refer to the rate schedule for the applicable limits for each state.

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**NATIONAL UNION FIRE INSURANCE COMPANY OF PITTSBURGH, PA
PSYCHIATRISTS PROFESSIONAL LIABILITY INSURANCE PROGRAM
ILLINOIS MANUAL RULES**

Rule 9.	Group Accounts (cont'd.)
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Claims-Made

The retroactive date can be advanced only at the request or with the written acknowledgment of the insured.

Group Vicarious Liability Surcharge Endorsement

If a scheduled insured under the group policy terminates coverage and does not elect to purchase the extended reporting endorsement, the group premium will be surcharged 10% of the quoted ERP premium. The surcharge is applicable as a result of the vicarious liability exposure to the group for the professional services rendered by the insured while working on behalf of the group. The surcharge will be waived if the cancelled insured provides proof of prior acts coverage from the new carrier for the period insured under the group policy.

Other Physician Coverage

The Program will consider coverage for individual physicians affiliated with the medical group who are not psychiatrists (i.e. internists, pediatricians, family/general practice). The rate for these physicians will be calculated in accordance with the filed class relativity differential (psychiatry to other specialty) of the major medical professional liability insurance carrier in that state. The calculated relativity will then be applied to the base psychiatry rate used in this Program's individual rates.

Outside Medical Group Practice Activity

Coverage will be considered for an insured who has a medical practice outside the scope of his/her affiliation with the medical group. The outside practice is subject to underwriting and if accepted will be rated in accordance with the medical specialty rate and total practice hours applicable to all practice activities for which coverage has been provided.

Rule 10.	Schedule Rating Plan – Group Accounts
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The following modifications may be applied to recognize special characteristics that are not fully recognized in the basic rate(s) or premium. The maximum credit/debit shall not exceed +/-5. The schedule rating program is mandatory and to be administered consistently for each insured or prospective insured.

Management (+/- 5)

Management has demonstrated adequate control and monitoring of the risks and exposures of the organization. The financial condition of the Medical Group is favorable. An example of a Medical Group which would receive a credit would employ a dedicated risk manager and have favorable financial ratios.

WITHDRAWN

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**NATIONAL UNION FIRE INSURANCE COMPANY OF PITTSBURGH, PA
PSYCHIATRISTS PROFESSIONAL LIABILITY INSURANCE PROGRAM
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AUG 25 2010

**NATIONAL UNION FIRE INSURANCE COMPANY OF PITTSBURGH, PA
PSYCHIATRISTS PROFESSIONAL LIABILITY INSURANCE PROGRAM
ILLINOIS MANUAL RULES**

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NATIONAL UNION FIRE INSURANCE COMPANY OF PITTSBURGH, PA.
Psychiatrists Professional Liability Program
ILLINOIS
2007

I. Base rate for \$500,000/\$1,500,000 Occurrence Coverage:

Territory 1

(Cook, Dupage, Kane, Lake, Madison, McHenry, St. Clair & Vermillion, Will) \$20,970

Territory 2 – (Champaign, Jackson, Kankakee, LaSalle, Sangamon) \$16,760

Territory 3 – (Rest of State) \$12,154

II. Limits Factors

\$100,000/\$300,000	.711
\$200,000/\$600,000	.789
\$250,000/\$750,000	.816
\$300,000/\$900,000	.842
\$400,000/\$1,200,000	.895
\$500,000/\$1,500,000	1.000
\$1,000,000/\$3,000,000	1.057
\$2,000,000/\$6,000,000	1.353

III. Claims-made Conversion Factors (% of occurrence premium)

Number of years Claim-Made Coverage:

First Year	0.315
Second Year	0.585
Third Year	0.765
Fourth Year	0.855
Fifth Year and Thereafter	0.900

IV. Extended Reporting Claims Endorsement

% of Expiring Annual Premium:

First Year	100%
Second Year	125%
Third Year	140%
Fourth Year	150%
Fifth Year and Thereafter	175%

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